

March 23, 2006

TO: Terry Bergeson, Chair
Washington Learns K-12 Advisory Committee

FROM: Heather Moss, Budget Assistant, Office of Financial Management
Sarah Reyneveld, Research Assistant, Washington Learns
Isabel Muñoz-Colón, Policy Analyst, OSPI
Melissa Beard, Senior Budget Analyst, OSPI

SUBJECT: SUPPLEMENTAL REVIEW OF THE K-12 FUNDING FORMULAS IN SIX STATES

As directed by the statute creating Washington Learns, OFM, Washington Learns and OSPI staff propose a review of the K-12 funding structures in six states in order to compare various funding formulas with Washington's. The six states we plan to review are Colorado, Kentucky, Maryland, Massachusetts, North Carolina, and Oregon. In order to streamline our review, we will focus on specific areas of interest in each state. Details of our study scope, objectives, and approach are attached.

The collaboration between OFM, Washington Learns and OSPI will allow us to research more thoroughly the funding structures of these six states, and will work to identify any promising practices that might be applicable and relevant to Washington. This collaborative effort should provide you and the full K-12 Advisory Committee with complimentary information to the full analysis being completed by Picus and Associates, and will satisfy the legislative mandate the Washington Learns reviews the K-12 funding formulas in at least 5 other states.

If this study scope and approach is acceptable to you, please forward it to the members of the K-12 Advisory Committee. If you have additional questions, Heather can be reached at 902-0659 and Sarah at 902-0666.

Attachment: Review of K-12 Funding in Six States - Scope and Objectives

Washington Learns: Review of K-12 Funding in Six States

Scope and Objectives

STUDY MANDATE

Part of the authorizing legislation passed to create Washington Learns (ESSB 5441) requires that the steering committee conduct a comprehensive K-12 finance study that shall include “reviewing the funding systems in a least five other states.” Staff from OFM, Washington Learns, and OSPI will conduct this review.

SCOPE

The study team worked with OSPI, OFM staff, and Picus and Associates to select states that would be useful to compare to Washington’s K-12 finance structure, and we settled on six states of interest to include in our review. The review will highlight a specific “area of inquiry” identified for each state. The states we plan to investigate are Colorado, Kentucky, Maryland, Massachusetts, North Carolina, and Oregon. Our first step in this review will be to provide a general overview of each state’s funding structure (see “Objectives,” below). We will then focus our review of each state on the following areas:

- Funding based on **teacher/staff compensation** (funding based on teacher ability, experience, and performance)
- Funding education based on **student performance** (high-stakes testing)
- Supplementing education funding based on **poverty rates**
- Education funding in a state that **neighbors** Washington
- Supplemental funding for **special education**

OBJECTIVES

Our study of the funding structures in the six states will include, but not be limited to, the following:

- Identifying basic **demographic and expenditure information**, such as the number of students, districts, the funding per student, test scores, and student and teacher demographics;
- Outlining all **revenue sources** for K-12 funding, including how federal, state and local funds are allocated, and how state and local taxes are structured;

- Understanding how the state share of **funding is distributed** to school districts, including identification of any unique features such as performance based funding;
- Highlighting any **targeted funding formulas**, such as for special education or other special needs populations; and
- Explaining the **legal environment** around any recent challenges to each state's funding system, and explaining any constitutional or statutory obligations the states have around K-12 education funding.

METHODOLOGY

We will use multiple approaches to meet the five objectives outlined above:

- Mining of national comparative data and studies of national rankings and state best practices in K-12 funding;
- Researching innovative practices and approaches used in K-12 funding; and
- Requesting data and explanations of specific funding practices from experts in the 6 states included in our review.

TIMEFRAME

Our tentative plan is to complete general overviews of the K-12 funding formulas in each of the six states by the end of March. April will be dedicated to exploring the "areas of emphasis" for each state. Staff will then present a preliminary version of the entire report to the K-12 Advisory Committee in May. A final report will be completed by June/July.

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